

Message Text

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PAGE 01 STATE 231534

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ORIGIN EB-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 TRSE-00 OIC-02 /032 R

DRAFTED BY EB/IFD/OMA: T A FORBORD

APPROVED BY EB/IFD/OMA: C C CUNDIFF

TREAS: R GORDON

EUR/NE: S WORREL

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R 180245Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY NASSAU

AMEMBASSY MEXICO

AMEMBASSY OTTAWA

UNCLAS STATE 231534

E.O. 11652: N/A

TAGS: EFIN, ETRA, US

SUBJECT: TAX DEDUCTABILITY OF ATTENDANCE AT FOREIGN CON-
VENTIONS

REF: (A) LONDON 13953, (B) STATE 165668

, THE SENATE AND HOUSE VERSIONS OF THE TAX REFORM BILL
OF 1975 HAVE NOW BEEN RECONCILED BY THE CONFERENCE COMMIT-
TEE AND THE FINAL VERSION HAS BEEN SENT TO BOTH HOUSES FOR
APPROVAL. THE HOUSE HAS ALREADY PASSED THE BILL AND SENATE
PASSAGE SEEMS CERTAIN. THE CONFERENCE AGREEMENT ON SECTION
602 OF THE BILL, WHICH COVERS FOREIGN CONVENTION DEDUCTION
FOLLOWS THE HOUSE BILL WITH MINOR MODIFICATIONS AND THE
ADDITION OF CERTAIN REPORTING REQUIREMENTS.

2. THUS, IN THE FINAL VERSION, DEDUCTIONS FOR CONVENTIONS
OUTSIDE OF THE UNITED STATES ARE RESTRICTED TO THE FOLLOW-
ING: (A) TWO CONVENTIONS PER YEAR, (B) TRANSPORTATION

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COSTS NOT TO EXCEED ECONOMY AIR FARE, OR REASONABLE COST

IF TRANSPORTATION OTHER THAN AIR TRAVEL IS USED, (C) TRANSPORTATION COST DEDUCTIBLE IN FULL ONLY IF MORE THAN ONE-HALF OF THE DAYS OF THE TRIP ARE DEVOTED TO BUSINESS ACTIVITIES; IF LESS THAN ONE-HALF OF THE TOTAL DAYS OF THE TRIP (EXCLUDING THE DAYS OF TRANSPORTATION TO AND FROM THE SITE

OF THE CONVENTION) ARE DEVOTED TO BUSINESS ACTIVITIES, A DEDUCTION WOULD BE ALLOWED FOR TRANSPORTATION EXPENSES ONLY IN THE RATIO OF THE BUSINESS TIME TO TOTAL TIME, (D) DEDUCTIBLE SUBSISTENCE ALLOWANCE NOT TO EXCEED PER DIEM RATE FOR USG EMPLOYEES AT THE LOCATION WHERE THE CONVENTION HELD; TO RECEIVE DEDUCTIONS UP TO THIS LIMITATION THERE MUST BE AT LEAST SIX HOURS OF BUSINESS-RELATED ACTIVITIES SCHEDULED DAILY AND THE TAXPAYER MUST ATTEND TWO-THIRDS OF THESE ACTIVITIES.

3. THE PROVISIONS APPLY TO CONVENTIONS HELD AFTER DECEMBER 31, 1976. ROBINSON

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INFO OCT-01 ISO-00 /003 R

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DRAFTED BY EUR/NE:SWWORREL:DF

APPROVED BY EUR/NE:JJCROWLEY

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R 231210Z SEP 76

FM SECSTATE WASHDC

TO AMCONSUL HAMILTON

UNCLAS STATE 231534

FOLLOWING REPEAT STATE 231534 ACTION LONDON INFO EC BRUSSELS
THE HAGUE NASSAU MEXICO OTTAWA 18 EPT 76

QUOTE UNCLAS STATE 231534

E.O. 11652: N/A

TAGS: EFIN, ETRA, US

SUBJECT: TAX DEDUCTABILITY OF ATTENDANCE AT FOREIGN
CONVENTIONS

REF: (A) LONDON 13953, (B) STATE 165668

1. THE SENATE AND HOUSE VERSIONS OF THE TAX REFORM BILL OF 1975 HAVE NOW BEEN RECONCILED BY THE CONFERENCE COMMITTEE AND THE FINAL VERSION HAS BEEN SENT TO BOTH HOUSES FOR APPROVAL. THE HOUSE HAS ALREADY PASSED THE BILL AND SENATE PASSAGE SEEMS CERTAIN. THE CONFERENCE AGREEMENT ON SECTION 602 OF THE BILL, WHICH COVERS FOREIGN CONVENTION DEDUCTION FOLLOWS THE HOUSE BILL WITH MINOR MODIFICATIONS AND THE ADDITION OF CERTAIN REPORTING REQUIREMENTS.

2. THUS, IN THE FINAL VERSION, DEDUCTIONS FOR CONVENTIONS OUTSIDE OF THE UNITED STATES ARE RESTRICTED TO THE FOLLOWING: (A) TWO CONVENTIONS PER YEAR, (B) TRANSPORTATION
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, TAX LAW, TAX CHANGES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE231534
Document Source: CORE
Document Unique ID: 00
Drafter: T A FORBORD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760353-1296
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760945/aaaabmhv.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 LONDON 13953, 76 STATE 165668
Review Action: RELEASED, APPROVED
Review Authority: vandyklc
Review Comment: n/a
Review Content Flags:
Review Date: 25 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 FEB 2004 by MaustMC>; APPROVED <24 AUG 2004 by vandyklc>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAX DEDUCTABILITY OF ATTENDANCE AT FOREIGN CON- VENTIONS
TAGS: EFIN, ETRD, US
To: LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006